

Senate Study Bill 1208 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
TRANSPORTATION BILL BY
CHAIRPERSON KAPUCIAN)

A BILL FOR

1 An Act relating to motor vehicle taxes and fees, including
2 registration fees for certain electric vehicles, an excise
3 tax on hydrogen used as special fuel, and an excise tax on
4 electricity used as electric fuel, providing penalties,
5 making penalties applicable, and including effective date
6 provisions.
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

REGISTRATION FEES FOR ELECTRIC VEHICLES

Section 1. NEW SECTION. 321.116 **Battery electric and plug-in hybrid electric motor vehicle fees.**

1. For each battery electric motor vehicle subject to an annual registration fee under section 321.109, subsection 1, paragraph "a", and operated on the public highways of this state, the owner shall pay an annual battery electric motor vehicle registration fee of one hundred thirty dollars, which shall be in addition to the annual registration fee imposed for the vehicle under section 321.109, subsection 1, paragraph "a". For purposes of this subsection, "*battery electric motor vehicle*" means a motor vehicle equipped with electrical drivetrain components and not equipped with an internal combustion engine, that is propelled exclusively by one or more electrical motors using electrical energy stored in a battery or other energy storage device that can be recharged by plugging into an electrical outlet or electric vehicle charging station.

2. For each plug-in hybrid electric motor vehicle subject to an annual registration fee under section 321.109, subsection 1, paragraph "a", and operated on the public highways of this state, the owner shall pay an annual plug-in hybrid electric motor vehicle registration fee of sixty-five dollars, which shall be in addition to the annual registration fee imposed for the vehicle under section 321.109, subsection 1, paragraph "a". For purposes of this subsection, "*plug-in hybrid electric motor vehicle*" means a motor vehicle equipped with electrical drivetrain components, an internal combustion engine, and a battery or other energy storage device that can be recharged by plugging into an electrical outlet or electric vehicle charging station.

Sec. 2. Section 321.117, Code 2019, is amended to read as follows:

321.117 Motorcycle, autocycle, ambulance, and hearse fees.

1 1. For all motorcycles and autocycles the annual
2 registration fee shall be twenty dollars. For all motorized
3 bicycles the annual registration fee shall be seven dollars.
4 When the motorcycle or autocycle is more than five model
5 years old, the annual registration fee shall be ten dollars.
6 The annual registration fee for ambulances and hearses shall
7 be fifty dollars. Passenger car plates shall be issued for
8 ambulances and hearses.

2. In addition to the fee required for a motorcycle under subsection 1, the owner of a motorcycle that is a battery electric motor vehicle or plug-in hybrid electric motor vehicle, as those terms are defined in section 321.116, shall pay an annual electric motorcycle registration fee of nine dollars.

15 Sec. 3. EFFECTIVE DATE. This division of this Act takes
16 effect January 1, 2020.

DIVISION II

HYDROGEN FUEL EXCISE TAX

19 Sec. 4. Section 452A.2, Code 2019, is amended by adding the
20 following new subsection:

21 NEW SUBSECTION. 20A. `*Fuel supply tank*`, with respect to
22 motor vehicles that use hydrogen as a special fuel, means a
23 motor vehicle's hydrogen fuel cells.

24 Sec. 5. Section 452A.2, subsection 21, Code 2019, is amended
25 by adding the following new paragraph:

26 NEW PARAGRAPH. *c.* "*Gallon*", with respect to hydrogen, means
27 a diesel gallon equivalent. A diesel gallon equivalent of
28 hydrogen is two and forty-nine hundredths pounds.

29 Sec. 6. Section 452A.2, subsections 25, 26, 39, and 45, Code
30 2019, are amended to read as follows:

25. "Licensed compressed natural gas, liquefied natural gas,
and liquefied petroleum gas, and hydrogen dealer" means a person
in the business of handling untaxed compressed natural gas,
liquefied natural gas, ~~or~~ liquefied petroleum gas, or hydrogen
who delivers any part of the fuel into a fuel supply tank of any

1 motor vehicle.

2 26. *"Licensed compressed natural gas, liquefied natural*
3 *gas, ~~and~~ liquefied petroleum gas, and hydrogen user"* means a
4 person licensed by the department who dispenses compressed
5 natural gas, liquefied natural gas, ~~or~~ liquefied petroleum
6 gas, or hydrogen, upon which the special fuel tax has not been
7 previously paid, for highway use from fuel sources owned and
8 controlled by the person into the fuel supply tank of a motor
9 vehicle, or commercial vehicle owned or controlled by the
10 person.

11 39. *"Special fuel"* means fuel oils and all combustible gases
12 and liquids suitable for the generation of power for propulsion
13 of motor vehicles or turbine-powered aircraft, and includes
14 any substance used for that purpose, except that it does not
15 include motor fuel. Kerosene shall not be considered to be a
16 special fuel, unless blended with other special fuels for use
17 in a motor vehicle with a diesel engine. Methanol shall not
18 be considered to be a special fuel unless blended with other
19 special fuels for use in a motor vehicle with a diesel engine.
20 Hydrogen shall be considered to be a special fuel when used
21 or intended for use in combination with oxygen to generate
22 electricity for propulsion of a motor vehicle.

23 45. *"Use"*, with respect to liquefied petroleum gas, means
24 the receipt, delivery, or placing of liquefied petroleum gas by
25 a licensed liquefied petroleum gas user into a fuel supply tank
26 of a motor vehicle while the vehicle is in the state, ~~except~~
27 ~~that with~~. With respect to natural gas used as a special fuel,
28 *"use"* means the receipt, delivery, or placing of the natural gas
29 into equipment for compressing the gas for subsequent delivery
30 into the fuel supply tank of a motor vehicle while the vehicle
31 is in the state. With respect to hydrogen used as a special
32 fuel, "use" means the receipt, delivery, or placing of hydrogen
33 by a licensed hydrogen user into a fuel supply tank of a motor
34 vehicle while the vehicle is in the state.

35 Sec. 7. Section 452A.3, Code 2019, is amended by adding the

1 following new subsection:

2 NEW SUBSECTION. 9A. For hydrogen used as a special fuel,
3 the rate of tax is sixty-five cents per gallon.

4 Sec. 8. Section 452A.4, subsection 1, paragraph d, Code
5 2019, is amended to read as follows:

6 *d.* A dealer's or user's license shall be required for each
7 separate place of business or location where compressed natural
8 gas, liquefied natural gas, ~~or~~ liquefied petroleum gas, or
9 hydrogen is delivered or placed into the fuel supply tank of a
10 motor vehicle.

11 Sec. 9. Section 452A.8, subsection 2, paragraph e,
12 subparagraphs (1), (2), and (3), Code 2019, are amended to read
13 as follows:

14 (1) For purposes of this paragraph "*e*", "*dealer*" or "*user*"
15 means a licensed compressed natural gas, liquefied natural gas,
16 ~~and~~ liquefied petroleum gas, and hydrogen dealer or user and
17 "*fuel*" means compressed natural gas, liquefied natural gas, ~~or~~
18 liquefied petroleum gas, or hydrogen.

19 (2) The tax for compressed natural gas, liquefied natural
20 gas, ~~and~~ liquefied petroleum gas, and hydrogen delivered by
21 a licensed dealer for use in this state shall attach at the
22 time of the delivery and shall be collected by the dealer
23 from the purchaser and paid to the department as provided in
24 this chapter. The tax, with respect to compressed natural
25 gas, liquefied natural gas, ~~and~~ liquefied petroleum gas, and
26 hydrogen acquired by a purchaser in any manner other than by
27 delivery by a licensed dealer into a fuel supply tank of a
28 motor vehicle, attaches at the time of the use of the fuel
29 and shall be paid over to the department by the purchaser as
30 provided in [this chapter](#).

31 (3) The department shall adopt rules governing the
32 dispensing of compressed natural gas, liquefied natural gas,
33 ~~and~~ liquefied petroleum gas, and hydrogen by licensed dealers
34 and licensed users. The director may require by rule that
35 reports and returns be filed by electronic transmission. The

1 department shall require that all pumps located at dealer
2 locations and user locations through which liquefied petroleum
3 gas can be dispensed shall be metered, inspected, tested
4 for accuracy, and sealed and licensed by the department of
5 agriculture and land stewardship, and that fuel delivered
6 into the fuel supply tank of any motor vehicle shall be
7 dispensed only through tested metered pumps and may be sold
8 without temperature correction or corrected to a temperature
9 of 60 degrees Fahrenheit. If the metered gallonage is to be
10 temperature-corrected, only a temperature-compensated meter
11 shall be used. Natural gas used as fuel shall be delivered
12 into compressing equipment through sealed meters certified for
13 accuracy by the department of agriculture and land stewardship.
14 Hydrogen used as fuel shall be delivered into the fuel supply
15 tank of any motor vehicle through sealed meters certified for
16 accuracy by the department of agriculture and land stewardship.
17 The department of agriculture and land stewardship may adopt
18 rules pursuant to chapter 17A relating to the certification and
19 accuracy of meters used to deliver hydrogen.

20 Sec. 10. Section 452A.60, subsection 1, Code 2019, is
21 amended to read as follows:

22 1. The department of revenue or the state department of
23 transportation shall prescribe and furnish all forms, as
24 applicable, upon which reports, returns, and applications shall
25 be made and claims for refund presented under [this chapter](#)
26 and may prescribe forms of record to be kept by suppliers,
27 restrictive suppliers, importers, exporters, blenders, common
28 carriers, contract carriers, licensed compressed natural
29 gas, liquefied natural gas, ~~and~~ liquefied petroleum gas, and
30 hydrogen dealers and users, terminal operators, nonterminal
31 storage facility operations, and interstate commercial motor
32 vehicle operators.

33 Sec. 11. Section 452A.62, subsection 1, paragraph a,
34 subparagraph (2), Code 2019, is amended to read as follows:

35 (2) A licensed compressed natural gas, liquefied natural

1 gas, ~~or~~ liquefied petroleum gas, or hydrogen dealer, user, or
2 person supplying compressed natural gas, liquefied natural
3 gas, ~~or~~ liquefied petroleum gas, or hydrogen to a licensed
4 compressed natural gas, liquefied natural gas, ~~or~~ liquefied
5 petroleum gas, or hydrogen dealer or user.

6 Sec. 12. Section 452A.62, subsection 1, paragraph b, Code
7 2019, is amended to read as follows:

8 b. To examine the records, books, papers, receipts, and
9 invoices of any distributor, supplier, restrictive supplier,
10 importer, blender, exporter, terminal operator, nonterminal
11 storage facility, licensed compressed natural gas, liquefied
12 natural gas, ~~or~~ liquefied petroleum gas, or hydrogen dealer or
13 user, or any other person who possesses fuel upon which the tax
14 has not been paid to determine financial responsibility for the
15 payment of the taxes imposed by [this chapter](#).

16 Sec. 13. Section 452A.74, subsection 1, paragraphs e and g,
17 Code 2019, are amended to read as follows:

18 e. For any person to act as a supplier, restrictive
19 supplier, importer, exporter, blender, or compressed natural
20 gas, liquefied natural gas, ~~or~~ liquefied petroleum gas, or
21 hydrogen dealer or user without the required license.

22 g. For any licensed compressed natural gas, liquefied
23 natural gas, ~~or~~ liquefied petroleum gas, or hydrogen dealer or
24 user to dispense compressed natural gas, liquefied natural gas,
25 ~~or~~ liquefied petroleum gas, or hydrogen into the fuel supply
26 tank of any motor vehicle without collecting the fuel tax.

27 Sec. 14. Section 452A.74, subsection 2, Code 2019, is
28 amended to read as follows:

29 2. Any delivery of compressed natural gas, liquefied
30 natural gas, ~~or~~ liquefied petroleum gas, or hydrogen to a
31 compressed natural gas, liquefied natural gas, ~~or~~ liquefied
32 petroleum gas, or hydrogen dealer or user for the purpose of
33 evading the state tax on compressed natural gas, liquefied
34 natural gas, ~~or~~ liquefied petroleum gas, or hydrogen, into
35 facilities other than those licensed under [this chapter](#) knowing

1 that the fuel will be used for highway use shall constitute
2 a violation of this section. Any compressed natural gas,
3 liquefied natural gas, ~~or~~ liquefied petroleum gas, or hydrogen
4 dealer or user for purposes of evading the state tax on
5 compressed natural gas, liquefied natural gas, ~~or~~ liquefied
6 petroleum gas, or hydrogen, who allows a distributor to place
7 compressed natural gas, liquefied natural gas, ~~or~~ liquefied
8 petroleum gas, or hydrogen for highway use in facilities other
9 than those licensed under this chapter, shall also be deemed
10 in violation of this section.

11 Sec. 15. Section 452A.85, subsection 1, Code 2019, is
12 amended to read as follows:

13 1. Persons having title to motor fuel, ethanol blended
14 gasoline, undyed special fuel, compressed natural gas,
15 liquefied natural gas, ~~or~~ liquefied petroleum gas, or hydrogen
16 in storage and held for sale on the effective date of an
17 increase in the excise tax rate imposed on motor fuel, ethanol
18 blended gasoline, undyed special fuel, compressed natural
19 gas, liquefied natural gas, ~~or~~ liquefied petroleum gas, or
20 hydrogen under this chapter shall be subject to an inventory
21 tax based upon the gallonage in storage as of the close of the
22 business day preceding the effective date of the increased
23 excise tax rate of motor fuel, ethanol blended gasoline, undyed
24 special fuel, compressed natural gas, liquefied natural gas, ~~or~~
25 liquefied petroleum gas, or hydrogen which will be subject to
26 the increased excise tax rate.

27 Sec. 16. Section 452A.86, Code 2019, is amended to read as
28 follows:

29 **452A.86 Method of determining gallonage.**

30 The exclusive method of determining gallonage of any
31 purchases or sales of motor fuel, undyed special fuel,
32 or liquefied petroleum gas as defined in this chapter and
33 distillate fuels shall be on a gross volume basis, except
34 for compressed natural gas, and liquefied natural gas, and
35 hydrogen. The exclusive method of determining gallonage of any

1 purchases or sales of compressed natural gas is the gasoline
 2 gallon equivalent, as defined in section 452A.2, subsection
 3 21. The exclusive method of determining gallonage of any
 4 purchase or sale of liquefied natural gas is the diesel gallon
 5 equivalent, as defined in section 452A.2, subsection 21. The
 6 exclusive method of determining gallonage of any purchases or
 7 sales of hydrogen is the diesel gallon equivalent, as defined
 8 in section 452A.2, subsection 21. A temperature-adjusted
 9 or other method shall not be used, except as it applies to
 10 liquefied petroleum gas and the sale or exchange of petroleum
 11 products between petroleum refiners. All invoices, bills of
 12 lading, or other records of sale or purchase and all returns
 13 or records required to be made, kept, and maintained by a
 14 supplier, restrictive supplier, importer, exporter, blender,
 15 or compressed natural gas, liquefied natural gas, ~~or~~ liquefied
 16 petroleum gas, or hydrogen dealer or user shall be made, kept,
 17 and maintained on the gross volume basis. For purposes of
 18 this section, "*distillate fuels*" means any fuel oil, gas oil,
 19 topped crude oil, or other petroleum oils derived by refining
 20 or processing crude oil or unfinished oils which have a boiling
 21 range at atmospheric pressure which falls completely or in part
 22 between 550 and 1,200 degrees Fahrenheit.

23 Sec. 17. EFFECTIVE DATE. This division of this Act takes
 24 effect January 1, 2020.

25 DIVISION III

26 ELECTRIC FUEL EXCISE TAX

27 Sec. 18. Section 312.2, subsection 9, Code 2019, is amended
 28 by adding the following new paragraph:

29 NEW PARAGRAPH. *c.* From the excise tax on electric fuel
 30 imposed under the tax rate of section 452A.41, the amount of
 31 excise tax collected from fifteen hundredths of one cent per
 32 kilowatt hour.

33 Sec. 19. Section 312.2, subsection 10, Code 2019, is amended
 34 by adding the following new paragraph:

35 NEW PARAGRAPH. *c.* From the excise tax on electric fuel

1 imposed under the tax rate of section 452A.41, the amount
2 of excise tax collected from two hundredths of one cent per
3 kilowatt hour.

4 Sec. 20. Section 423.3, subsection 56, Code 2019, is amended
5 to read as follows:

6 56. The sales price from the sale of motor fuel, and
7 special fuel, and electric fuel consumed for highway use or in
8 watercraft or aircraft where the fuel tax has been imposed and
9 paid and no refund has been or will be allowed and the sales
10 price from the sales of ethanol blended gasoline, as defined
11 in [section 214A.1](#).

12 Sec. 21. Section 423B.5, subsection 1, Code 2019, is amended
13 to read as follows:

14 1. A local sales and services tax may be imposed by a
15 county on the sales price taxed by the state under chapter
16 423, subchapter II. A local sales and services tax shall be
17 imposed on the same basis as the state sales and services tax
18 or in the case of the use of natural gas, natural gas service,
19 electricity, or electric service on the same basis as the
20 state use tax and shall not be imposed on the sale of any
21 property or on any service not taxed by the state, except the
22 tax shall not be imposed on the sales price from the sale of
23 motor fuel, ~~or~~ special fuel, or electric fuel, as those terms
24 are defined in [chapter 452A](#), which is consumed for highway use
25 or in watercraft or aircraft if the fuel tax is paid on the
26 transaction and a refund has not or will not be allowed, on the
27 sales price from the sale of equipment by the state department
28 of transportation, or on the sales price from the sale or use
29 of natural gas, natural gas service, electricity, or electric
30 service in a city or county where the sales price from the sale
31 of natural gas or electric energy is subject to a franchise
32 fee or user fee during the period the franchise or user fee
33 is imposed. A local sales and services tax is applicable to
34 transactions within those cities and unincorporated areas of
35 the county where it is imposed, which transactions include

1 but are not limited to sales sourced pursuant to section
2 423.15, 423.17, 423.19, or 423.20, to a location within that
3 city or unincorporated area of the county. The tax shall be
4 collected by all persons required to collect state sales taxes.
5 However, a local sales and services tax is not applicable to
6 transactions sourced under chapter 423 to a place of business,
7 as defined in section 423.1, of a retailer if such place of
8 business is located in part within a city or unincorporated
9 area of the county where the tax is not imposed.

10 Sec. 22. Section 423E.3, subsection 1, Code 2019, is amended
11 to read as follows:

12 1. The tax shall be imposed on the same basis as the state
13 sales and services tax or in the case of the use of natural
14 gas, natural gas service, electricity, or electric service on
15 the same basis as the state use tax and shall not be imposed
16 on the sale of any property or on any service not taxed by the
17 state, except the tax shall not be imposed on the sales price
18 from the sale of motor fuel, ~~or~~ special fuel, or electric fuel,
19 as those terms are defined in chapter 452A, which is consumed
20 for highway use or in watercraft or aircraft if the fuel tax
21 is paid on the transaction and a refund has not or will not
22 be allowed, on the sales price from the sale of equipment by
23 the state department of transportation, or on the sales price
24 from the sale or use of natural gas, natural gas service,
25 electricity, or electric service in a city or county where the
26 sales price from the sale of natural gas or electric energy is
27 subject to a franchise fee or user fee during the period the
28 franchise or user fee is imposed.

29 Sec. 23. NEW SECTION. 452A.40 Definitions.

30 As used in this subchapter, unless the context otherwise
31 requires:

32 1. "Department" means the department of revenue.

33 2. "Electric fuel" means electrical energy delivered or
34 placed into the battery or other energy storage device of an
35 electric motor vehicle from a source outside the motor vehicle

1 for purposes of propelling the motor vehicle. *"Electric fuel"*
2 shall be deemed motor vehicle fuel for purposes of Article VII,
3 section 8, of the Constitution of the State of Iowa.

4 3. *"Electric motor vehicle"* means a motor vehicle equipped
5 with electrical drivetrain components that has the ability to
6 be propelled, fully or partially, by one or more electrical
7 motors using electrical energy stored in a battery or other
8 energy storage device that can be recharged by plugging into an
9 electrical outlet or electric vehicle charging station.

10 4. *"Licensed electric fuel dealer"* means a person licensed
11 by the department who dispenses electric fuel, upon which the
12 electric fuel tax has not been previously paid, for highway
13 use into the battery or other energy storage device of an
14 electric motor vehicle in this state at a location other than a
15 residence.

16 5. *"Licensed electric fuel user"* means a person licensed
17 by the department who dispenses electric fuel, upon which the
18 electric fuel tax has not been previously paid, for highway use
19 from a charging station owned and controlled by the person into
20 the battery or other energy storage device of an electric motor
21 vehicle owned or controlled by the person in this state at a
22 location other than a residence.

23 6. *"Residence"* means the place where a person resides,
24 permanently or temporarily.

25 7. *"Use"* means the receipt, delivery, or placing of electric
26 fuel by a licensed electric fuel user into the battery or other
27 energy storage device of an electric motor vehicle owned or
28 controlled by the user in this state at a location other than a
29 residence.

30 Sec. 24. NEW SECTION. 452A.41 Levy and collection of excise
31 tax on electric fuel.

32 1. An excise tax of two and six-tenths cents is imposed on
33 each kilowatt hour of electric fuel delivered or placed into
34 the battery or other energy storage device of an electric motor
35 vehicle at a location in this state other than a residence.

1 2. The tax for electric fuel delivered by a licensed
2 electric fuel dealer for use in this state shall attach at the
3 time of the delivery and shall be collected by the dealer from
4 the purchaser and paid to the department in the same manner
5 as the excise taxes on natural gas and liquefied petroleum
6 gas are paid by dealers to the department as provided in this
7 chapter. The tax for electric fuel used by a licensed electric
8 fuel user shall attach at the time of the use of the fuel and
9 shall be paid to the department by the licensed electric fuel
10 user in the same manner as the excise taxes on natural gas and
11 liquefied petroleum gas are paid by users to the department as
12 provided in this chapter.

13 3. The department shall adopt rules governing the
14 dispensing of electric fuel by licensed dealers and users. The
15 director may require by rule that reports and returns be filed
16 by electronic transmission. The department shall require that
17 all charging stations located at dealer and user locations
18 through which electric fuel can be dispensed shall be metered,
19 inspected, tested for accuracy, and sealed and licensed by
20 the department of agriculture and land stewardship, and that
21 electric fuel delivered into the battery or other energy
22 storage device of any electric motor vehicle shall be dispensed
23 only through tested, metered charging stations. The department
24 of agriculture and land stewardship may adopt rules pursuant
25 to chapter 17A to administer the department of agriculture and
26 land stewardship's duties under this subsection.

27 4. *a.* For the purpose of determining the amount of
28 liability for the electric fuel tax, each dealer and user
29 shall file with the department not later than the last day
30 of each calendar month a monthly tax return certified under
31 penalties for false certification. The return shall show, with
32 reference to each location at which fuel is delivered or placed
33 by the dealer or user into the battery or other energy storage
34 device of any electric motor vehicle during the next preceding
35 calendar month, information as required by the department.

1 *b.* The amount of tax due shall be computed by multiplying
2 the appropriate tax rate per kilowatt hour by the number of
3 kilowatt hours of electric fuel delivered or placed by the
4 dealer or user into the batteries or other energy storage
5 devices of electric motor vehicles.

6 *c.* The return shall be accompanied by remittance in the
7 amount of the tax due for the month in which the fuel was placed
8 into the batteries or other energy storage devices of electric
9 motor vehicles.

10 5. Moneys collected under this subchapter by a licensed
11 electric fuel dealer or user are deemed to be held in trust for
12 the state of Iowa.

13 Sec. 25. NEW SECTION. **452A.42 Electric fuel dealer's and**
14 **user's license.**

15 1. A person shall not sell or dispense electric fuel within
16 this state at a location other than a residence or otherwise
17 act as a licensed electric fuel dealer or user unless the
18 person holds an uncanceled license issued by the department.

19 2. To procure a license, a person shall file with the
20 department an application signed under penalty for false
21 certificate setting forth all of the following:

22 *a.* The name under which the licensee will transact business
23 in this state.

24 *b.* The location, with street number address, of the
25 principal office or place of business of the licensee within
26 this state.

27 *c.* The name and complete residence address of the owner
28 or the names and addresses of the partners, if the licensee
29 is a partnership, or the names and addresses of the principal
30 officers, if the licensee is a corporation or association.

31 3. A dealer's or user's license shall be required for each
32 separate place of business or location, other than a residence,
33 where electric fuel is delivered or placed into the battery or
34 other energy storage device of an electric motor vehicle.

35 4. *a.* The department may deny the issuance of a license to

1 an applicant who is substantially delinquent in the payment of
2 a tax due, or the interest or penalty on the tax, administered
3 by the department. If the applicant is a partnership, a
4 license may be denied if a partner owes any delinquent tax,
5 interest, or penalty. If the applicant is a corporation, a
6 license may be denied if any officer having a substantial legal
7 or equitable interest in the ownership of the corporation owes
8 any delinquent tax, interest, or penalty of the applicant
9 corporation.

10 *b.* The department may deny the issuance of a license if
11 an application for a license to transact business as a dealer
12 or user in this state is filed by a person whose license or
13 registration has been canceled for cause at any time under the
14 provisions of this chapter or any prior motor fuel tax law, if
15 the department has reason to believe that the application is
16 not filed in good faith, or if the application is filed by some
17 person as a subterfuge for the real person in interest whose
18 license or registration has been canceled for cause under the
19 provisions of this chapter or any prior motor fuel tax law.
20 The applicant shall be given fifteen days' notice in writing of
21 the date of the hearing and shall have the right to appear in
22 person or by counsel and present testimony.

23 5. *a.* The application in proper form having been accepted
24 for filing, and the other conditions and requirements of this
25 section and subchapter IV having been complied with, the
26 department shall issue to the applicant a license to transact
27 business as an electric fuel dealer or user in this state. The
28 license shall remain in full force and effect until canceled as
29 provided in this chapter.

30 *b.* The license shall not be assignable and shall be valid
31 only for the licensee in whose name it is issued.

32 *c.* The department shall keep and file all applications and
33 bonds and a record of all licensees.

34 Sec. 26. NEW SECTION. **452A.43 Records.**

35 1. A licensed electric fuel dealer or user shall maintain,

1 for a period of three years, records of all transactions by
2 which the dealer or user dispenses electric fuel into the
3 batteries or other energy storage devices of electric motor
4 vehicles, including pertinent records and papers as required
5 by the department.

6 2. If in the normal conduct of a dealer's or user's business
7 the records are maintained and kept at an office outside this
8 state, the records shall be made available for audit and
9 examination by the department at the office outside this state,
10 but the audit and examination shall be without expense to this
11 state.

12 3. The department, after an audit and examination of records
13 required to be maintained under this section, may authorize
14 their disposal upon the written request of the dealer or user.

15 Sec. 27. NEW SECTION. 452A.44 Refunds.

16 1. A person who uses electric fuel for any of the nontaxable
17 purposes set forth in section 452A.17, subsection 1, paragraph
18 "a", for motor fuel and undyed special fuel, and who has paid
19 the electric fuel tax either directly to the department or by
20 having the tax added to the price of the fuel, and who has
21 a refund permit, upon presentation to and approval by the
22 department of a claim for refund, subject to the conditions set
23 forth in section 452A.17, subsection 1, paragraph "b", shall be
24 reimbursed and repaid the amount of the tax which the claimant
25 has paid on the kilowatt hours so used, except that the amount
26 of a refund payable may be applied by the department against
27 any tax liability outstanding on the books of the department
28 against the claimant. Refunds under this section are subject
29 to the limitations and requirements set forth in section
30 452A.17, subsection 3, for motor fuel and undyed special fuel
31 refunds.

32 2. A person shall not claim a refund under this section
33 until the person has obtained a refund permit meeting the
34 requirements of section 452A.18 from the department. The
35 department may revoke a refund permit pursuant to section

1 452A.19.

2 3. Tax collected on electric fuel that is not taxable, or
3 tax collected in excess of the actual amount of tax due, is
4 subject to section 452A.22.

5 Sec. 28. Section 452A.52, Code 2019, is amended to read as
6 follows:

7 **452A.52 Fuels imported in supply tanks of motor vehicles —**
8 **applicability.**

9 1. a. ~~No~~ A person shall not bring into this state in
10 the fuel supply tanks of a commercial motor vehicle, or any
11 other container, regardless of whether ~~or not~~ the supply tanks
12 are connected to the motor of the vehicle, any motor fuel or
13 special fuel to be used in the operation of the vehicle in
14 this state unless that person has paid or made arrangements in
15 advance with the state department of transportation for payment
16 of Iowa fuel taxes on the gallonage consumed in operating the
17 vehicle in this state; ~~except that this subchapter shall not~~
18 ~~apply to a private passenger automobile.~~

19 b. A person shall not bring into this state in the batteries
20 or other energy storage devices of a commercial motor vehicle,
21 or any other energy storage device, regardless of whether the
22 batteries or storage devices are connected to the motor of
23 the vehicle, any electric fuel to be used in the operation
24 of the vehicle in this state unless that person has paid or
25 made arrangements in advance with the state department of
26 transportation for payment of Iowa fuel taxes on the kilowatt
27 hours consumed in operating the vehicle in this state.

28 2. Any person who is unable to display either of the
29 permits or the license provided in section 452A.53 and brings
30 into the state in the fuel supply tanks of a commercial motor
31 vehicle more than thirty gallons of motor fuel or special fuel,
32 or brings into the state in the batteries or other energy
33 storage devices of a commercial motor vehicle more than three
34 hundred fifty kilowatt hours of electric fuel, in violation
35 of subsection 1 commits a simple misdemeanor punishable as

1 a scheduled violation under section 805.8A, subsection 13,
2 paragraph "c".

3 3. This subchapter shall not apply to a private passenger
4 automobile.

5 Sec. 29. Section 452A.53, subsections 2, 3, and 5, Code
6 2019, are amended to read as follows:

7 2. Persons choosing not to make advance arrangements with
8 the state department of transportation by procuring a permit or
9 license are not relieved of their responsibility to purchase
10 motor fuel, and special fuel, and electric fuel commensurate
11 with their use of the state's highway system. When there
12 is reasonable cause to believe that there is evasion of the
13 fuel tax on commercial motor vehicles, the state department
14 of transportation may audit persons not holding a permit
15 or license. Audits shall be conducted pursuant to section
16 452A.55 and in accordance with international fuel tax agreement
17 guidelines. The state department of transportation shall
18 collect all taxes due and refund any overpayment.

19 3. A permanent international fuel tax agreement permit
20 or license may be obtained upon application to the state
21 department of transportation. A fee of ten dollars shall be
22 charged for each permit or license issued. The holder of
23 a permanent permit or license shall have the privilege of
24 bringing into this state in the fuel supply tanks of commercial
25 motor vehicles any amount of motor fuel or special fuel, or in
26 the batteries or other energy storage devices of commercial
27 motor vehicles any amount of electric fuel, to be used in the
28 operation of the vehicles and for that privilege shall pay
29 Iowa ~~motor fuel or special fuel~~ taxes as provided in section
30 452A.54.

31 5. Each vehicle operated into or through Iowa in interstate
32 operations using motor fuel, or special fuel, or electric fuel
33 acquired in any other state shall carry in or on the vehicle a
34 duplicate or evidence of the permit or license required in this
35 section. A fee not to exceed fifty cents shall be charged for

1 each duplicate or other evidence of a permit or license issued.

2 Sec. 30. Section 452A.54, subsections 1, 2, and 4, Code
3 2019, are amended to read as follows:

4 1. Fuel tax liability under this subchapter shall be
5 computed on the total number of gallons of each kind of
6 motor fuel and special fuel, and the total number of kilowatt
7 hours of electric fuel, consumed in the operation in Iowa by
8 commercial motor vehicles subject to this subchapter at the
9 same rate for each kind of fuel as would be applicable if taxed
10 under subchapter I of this chapter and section 452A.41. A
11 refund against the fuel tax liability so computed shall be
12 allowed, on excess Iowa motor fuel purchased, in the amount
13 of fuel tax paid at the prevailing rate per gallon set out
14 under subchapter I of this chapter on motor fuel and special
15 fuel, and rate per kilowatt hour set out under section 452A.41
16 on electric fuel, consumed by commercial motor vehicles, the
17 operation of which is subject to this subchapter.

18 2. Notwithstanding any provision of this chapter to the
19 contrary, except as provided in this section, the holder of a
20 permanent international fuel tax agreement permit or license
21 may make application to the state department of transportation
22 for a refund, not later than the last day of the third month
23 following the quarter in which the overpayment of Iowa fuel
24 tax paid on excess purchases of motor fuel or special fuel
25 was reported as provided in section 452A.8, or electric
26 fuel was reported as provided in section 452A.41, and which
27 application is supported by such proof as the state department
28 of transportation may require. The state department of
29 transportation shall refund Iowa fuel tax paid on motor fuel,
30 or special fuel, or electric fuel purchased in excess of the
31 amount consumed by such commercial motor vehicles in their
32 operation on the highways of this state.

33 4. To determine the amount of fuel taxes due under this
34 subchapter and to prevent the evasion thereof, the state
35 department of transportation shall require a quarterly report

1 on forms prescribed by the state department of transportation.
2 It shall be filed not later than the last day of the month
3 following the quarter reported, and each quarter thereafter.
4 These reports shall be required of all persons who have been
5 issued a permit or license under this subchapter and shall
6 cover actual operation and fuel consumption in Iowa on the
7 basis of the permit or license holder's average consumption
8 of fuel in Iowa, determined by the total miles traveled and
9 the total fuel purchased and consumed for highway use by the
10 permittee's or licensee's commercial motor vehicles in the
11 permittee's or licensee's entire operation in all states to
12 establish an overall miles per gallon ratio or miles per
13 kilowatt hour ratio, which ratio shall be used to compute the
14 gallons or kilowatt hours used for the miles traveled in Iowa.
15 Failure to receive a quarterly report or fuel credentials by
16 mail, facsimile transmission, or any other means of delivery
17 does not relieve a person from the person's fuel tax liability
18 or from the requirement to display current fuel credentials.

19 Sec. 31. Section 452A.57, subsections 3, 5, and 8, Code
20 2019, are amended to read as follows:

21 3. "*Commercial motor vehicle*" means a passenger vehicle
22 that has seats for more than nine passengers in addition to
23 the driver, any road tractor, any truck tractor, or any truck
24 having two or more axles which passenger vehicle, road tractor,
25 truck tractor, or truck is propelled on the public highways
26 by either motor fuel, or special fuel, or electric fuel.
27 "*Commercial motor vehicle*" does not include a motor truck with a
28 combined gross weight of less than twenty-six thousand pounds,
29 operated as a part of an identifiable one-way fleet and which
30 is leased for less than thirty days to a lessee for the purpose
31 of moving property which is not owned by the lessor.

32 5. "*Fuel taxes*" means the per gallon and per kilowatt excise
33 taxes imposed under subchapters I and III of this chapter, and
34 section 452A.41, with respect to motor fuel, and undyed special
35 fuel, and electric fuel.

1 8. *"Motor vehicle"* shall mean and include all vehicles,
2 except those operated on rails, which are propelled by internal
3 combustion engines or electric motors and are of such design as
4 to permit their mobile use on public highways for transporting
5 persons or property. A farm tractor while operated on a farm
6 or for the purpose of hauling farm machinery, equipment, or
7 produce shall not be deemed to be a motor vehicle. *"Motor*
8 *vehicle"* shall not include *"mobile machinery and equipment"* as
9 defined in this section.

10 Sec. 32. Section 452A.58, subsection 2, Code 2019, is
11 amended to read as follows:

12 2. A lessor of a commercial motor vehicle shall be deemed
13 a carrier with respect to such vehicles leased to others by
14 the lessor and motor fuel, ~~or~~ special fuel, or electric fuel
15 consumed thereby if the lessor supplies or pays for the motor
16 fuel, ~~or~~ special fuel, or electric fuel consumed by such
17 vehicle or makes rental or other charges calculated to include
18 the cost of such fuel.

19 Sec. 33. Section 452A.59, Code 2019, is amended to read as
20 follows:

21 **452A.59 Administrative rules.**

22 The department of revenue and the state department
23 of transportation are authorized and empowered to adopt
24 rules under chapter 17A, relating to the administration
25 and enforcement of this chapter as deemed necessary by the
26 departments. However, when in the opinion of the director
27 it is necessary for the efficient administration of this
28 chapter, the director may regard persons in possession of motor
29 fuel, special fuel, biofuel, alcohol, or alcohol derivative
30 substances as blenders, dealers, eligible purchasers,
31 exporters, importers, restrictive suppliers, suppliers,
32 terminal operators, or nonterminal storage facility operators,
33 or persons in possession of electric fuel as electric fuel
34 dealers or users.

35 Sec. 34. Section 452A.60, subsection 1, Code 2019, is

1 amended to read as follows:

2 1. The department of revenue or the state department of
3 transportation shall prescribe and furnish all forms, as
4 applicable, upon which reports, returns, and applications shall
5 be made and claims for refund presented under [this chapter](#)
6 and may prescribe forms of record to be kept by suppliers,
7 restrictive suppliers, importers, exporters, blenders, common
8 carriers, contract carriers, licensed compressed natural gas,
9 liquefied natural gas, and liquefied petroleum gas dealers
10 and users, licensed electric fuel dealers and users, terminal
11 operators, nonterminal storage facility operations, and
12 interstate commercial motor vehicle operators.

13 Sec. 35. Section 452A.62, subsection 1, paragraph a, Code
14 2019, is amended by adding the following new subparagraph:

15 NEW SUBPARAGRAPH. (5) A licensed electric fuel dealer or
16 user or person supplying electric fuel to a licensed electric
17 fuel dealer or user.

18 Sec. 36. Section 452A.62, subsection 1, paragraph b, Code
19 2019, is amended to read as follows:

20 *b.* To examine the records, books, papers, receipts, and
21 invoices of any distributor, supplier, restrictive supplier,
22 importer, blender, exporter, terminal operator, nonterminal
23 storage facility, licensed compressed natural gas, liquefied
24 natural gas, or liquefied petroleum gas dealer or user,
25 licensed electric fuel dealer or user, or any other person
26 who possesses fuel upon which the tax has not been paid to
27 determine financial responsibility for the payment of the taxes
28 imposed by [this chapter](#).

29 Sec. 37. Section 452A.63, subsection 1, Code 2019, is
30 amended to read as follows:

31 1. All information obtained by the department of revenue or
32 the state department of transportation from the examining of
33 reports, returns, or records required to be filed or kept under
34 this chapter shall be treated as confidential and shall not be
35 divulged except to other state officers, a member or members of

1 the general assembly, or any duly appointed committee of either
2 or both houses of the general assembly, or to a representative
3 of the state having some responsibility in connection with the
4 collection of the taxes imposed or in proceedings brought under
5 this chapter. The appropriate state agency may make available
6 to the public on or before forty-five days following the last
7 day of the month in which the tax is required to be paid, the
8 names of suppliers, restrictive suppliers, and importers and as
9 to each of them the total gallons of motor fuel, undyed special
10 fuel, and ethanol blended gasoline withdrawn from terminals
11 or imported into the state during that month. The department
12 of revenue or the state department of transportation, upon
13 request of officials entrusted with enforcement of the motor
14 fuel tax laws of the federal government or any other state, may
15 forward to these officials any pertinent information which the
16 appropriate state agency may have relative to motor fuel, and
17 special fuel, and electric fuel, provided the officials of the
18 other state furnish like information.

19 Sec. 38. Section 452A.73, Code 2019, is amended to read as
20 follows:

21 **452A.73 Embezzlement of fuel tax money — penalty.**

22 Every sale of motor fuel in this state, and every sale
23 of undyed special fuel dispensed by the seller into a fuel
24 supply tank of a motor vehicle, and every sale of electric
25 fuel dispensed by the seller into the battery or other energy
26 storage device of an electric motor vehicle shall, unless
27 otherwise provided, be presumed to include as a part of the
28 purchase price the fuel tax due the state of Iowa under the
29 provisions of **this chapter**. Every person collecting fuel tax
30 money as part of the selling price of motor fuel, or undyed
31 special fuel, or electric fuel shall hold the tax money in
32 trust for the state of Iowa unless the fuel tax on the fuel
33 has been previously paid to the state of Iowa. Any person
34 receiving fuel tax money in trust and failing to remit it to
35 the department of revenue on or before time required shall be

1 guilty of theft.

2 Sec. 39. Section 452A.74, subsection 1, paragraphs c, e, and
3 f, Code 2019, are amended to read as follows:

4 c. For any seller to issue or any purchaser to receive
5 and retain any incorrect or false invoice or sales ticket in
6 connection with the sale or purchase of motor fuel, ~~or~~ undyed
7 special fuel, or electric fuel.

8 e. For any person to act as a supplier, restrictive
9 supplier, importer, exporter, blender, ~~or~~ compressed natural
10 gas, liquefied natural gas, or liquefied petroleum gas dealer
11 or user, or electric fuel dealer or user without the required
12 license.

13 f. For any person to use motor fuel, undyed special fuel,
14 or dyed special fuel in the fuel supply tank of a vehicle, or
15 electric fuel in the battery or other energy storage device of
16 an electric vehicle, with respect to which the person knowingly
17 has not paid or had charged to the person's account with a
18 distributor or dealer, or with respect to which the person does
19 not, within the time required in [this chapter](#), report and pay
20 the applicable fuel tax.

21 Sec. 40. Section 452A.74, subsection 1, Code 2019, is
22 amended by adding the following new paragraph:

23 NEW PARAGRAPH. h. For any licensed electric fuel dealer or
24 user to dispense electric fuel into the battery or other energy
25 storage device of any electric motor vehicle without collecting
26 the fuel tax.

27 Sec. 41. Section 452A.76, subsection 2, Code 2019, is
28 amended to read as follows:

29 2. Authority is given to the department of revenue,
30 the state department of transportation, the department of
31 public safety, and any peace officer as requested by such
32 departments to enforce the provisions of [subchapter I](#), sections
33 452A.40 through 452A.44, and [this subchapter](#) ~~of this chapter~~.
34 The department of revenue shall adopt rules providing for
35 enforcement under [subchapter I](#) and [this subchapter](#) ~~of this~~

1 ~~chapter~~ regarding the use of motor fuel or special fuel in
 2 implements of husbandry. Enforcement personnel or requested
 3 peace officers are authorized to stop a conveyance suspected
 4 to be illegally transporting motor fuel or special fuel on
 5 the highways, to investigate the cargo, and also have the
 6 authority to inspect or test the fuel in the supply tank of a
 7 conveyance to determine if legal fuel is being used to power
 8 the conveyance. The operator of any vehicle transporting
 9 motor fuel or special fuel shall, upon request, produce and
 10 offer for inspection the manifest or loading and delivery
 11 invoices pertaining to the load and trip in question and shall
 12 permit the authority to inspect and measure the contents of
 13 the vehicle. If the vehicle operator fails to produce the
 14 evidence or if, when produced, the evidence fails to contain
 15 the required information and it appears that there is an
 16 attempt to evade payment of the fuel tax, the vehicle operator
 17 will be subject to the penalty provisions contained in section
 18 452A.74A.

19 Sec. 42. Section 452A.78, Code 2019, is amended to read as
 20 follows:

21 **452A.78 Other remedies available.**

22 The special remedies provided under the provisions of this
 23 chapter to enable the state to collect ~~motor~~ a fuel excise tax
 24 imposed by this chapter shall not be construed as depriving the
 25 state of any other remedy it might have either at law or in
 26 equity independent of **this chapter**. The state shall have the
 27 right to maintain an action at law for the collection of said
 28 taxes required to be paid herein and in connection therewith
 29 shall be entitled to a writ of attachment without bond.

30 Sec. 43. Section 452A.79, Code 2019, is amended to read as
 31 follows:

32 **452A.79 Use of revenue.**

33 Except as provided in **sections 452A.79A, 452A.82, and**
 34 **452A.84**, the net proceeds of the excise tax on ~~the diesel~~
 35 ~~special fuel, and~~ the excise tax on motor fuel and other

1 special fuel, the excise tax on electric fuel, and penalties
2 collected under the provision of [this chapter](#), shall be
3 credited to the road use tax fund.

4 Sec. 44. Section 452A.80, Code 2019, is amended to read as
5 follows:

6 **452A.80 Microfilm or photographic copies — originals**
7 **destroyed.**

8 The appropriate state agency shall have the power and
9 authority to record, copy, or reproduce by any photographic,
10 photostatic, microfilm, microcard, miniature photographic,
11 or other process which accurately reproduces or forms a
12 durable medium for so reproducing the original of any forms
13 or records pertaining to ~~motor a~~ fuel tax ~~or undyed special~~
14 ~~fuel tax~~ imposed by this chapter, or any paper or document with
15 respect to refund of the tax. If the forms and records have
16 been reproduced in accordance with [this section](#), the state
17 agency may destroy the originals and the reproductions shall
18 be competent evidence in any court in accordance with the
19 provision of [section 622.30](#).

20 Sec. 45. CODE EDITOR DIRECTIVE. The Code editor shall
21 designate sections 452A.40 through 452A.44, as enacted by
22 this division of this Act, as a new subchapter within chapter
23 452A, and may redesignate the new and preexisting subchapters,
24 replace references to sections 452A.40 through 452A.44
25 with references to the new subchapter, and correct internal
26 references as necessary, including references in subchapter
27 headnotes.

28 Sec. 46. EFFECTIVE DATE. This division of this Act takes
29 effect July 1, 2020.

30 EXPLANATION

31 The inclusion of this explanation does not constitute agreement with
32 the explanation's substance by the members of the general assembly.

33 This bill relates to motor vehicle taxes and fees.

34 DIVISION I — REGISTRATION FEES FOR ELECTRIC VEHICLES.

35 Under current law, Code section 321.109(1)(a) provides that all

1 motor vehicles including vehicles designated by manufacturers
2 as station wagons, 1993 and subsequent model year multipurpose
3 vehicles, and 2010 and subsequent model year motor trucks
4 with an unladen weight of 10,000 pounds or less, except motor
5 trucks registered under Code section 321.122, business-trade
6 trucks, special trucks, motor homes, motorsports recreational
7 vehicles, ambulances, hearses, autocycles, motorcycles,
8 motorized bicycles, and 1992 and older model year multipurpose
9 vehicles, are subject to an annual registration fee equal to 1
10 percent of the value of the vehicle as fixed by the department
11 of transportation (DOT) plus 40 cents for each 100 pounds of
12 weight of the vehicle as fixed by the DOT.

13 For each battery electric motor vehicle subject to an annual
14 registration fee under Code section 321.109(1)(a), the bill
15 requires the owner to pay an annual battery electric motor
16 vehicle registration fee of \$130, which is in addition to the
17 regular annual registration fee imposed for the vehicle. For
18 each plug-in hybrid electric motor vehicle subject to an annual
19 registration fee under Code section 321.109(1)(a), the bill
20 requires the owner to pay an annual plug-in hybrid electric
21 motor vehicle registration fee of \$65, which is in addition to
22 the regular annual registration fee imposed for the vehicle.

23 Under current law, motorcycles are subject to an annual
24 registration fee of \$20. However, if a motorcycle is more
25 than five model years old, the annual registration fee is \$10.
26 The bill requires the owner of a motorcycle that is a battery
27 electric motor vehicle or plug-in hybrid electric motor vehicle
28 to pay an annual electric motorcycle registration fee of \$9,
29 which is in addition to the regular annual registration fee
30 imposed for the motorcycle.

31 Under Code section 321.17, operating a motor vehicle of a
32 type required to be registered which is not registered, or for
33 which the appropriate fees have not been paid, is punishable by
34 a scheduled fine of \$50.

35 This division of the bill takes effect January 1, 2020.

1 DIVISION II — HYDROGEN FUEL EXCISE TAX. The bill imposes
2 an excise tax of 65 cents per gallon on hydrogen used as a
3 special fuel in motor vehicles. The bill specifies that a
4 diesel gallon equivalent of hydrogen is 2.49 pounds. The
5 bill makes corresponding changes to Code chapter 452A (motor
6 fuel and special fuel taxes) to ensure that the excise tax
7 on hydrogen is collected in the same manner as the existing
8 excise taxes on compressed natural gas, liquefied natural
9 gas, and liquefied petroleum gas. The bill applies the
10 provisions of Code chapter 452A to dealers and users of
11 hydrogen, including but not limited to provisions relating to
12 license requirements, reporting and filing requirements, record
13 retention requirements and audits, refunds, the interstate fuel
14 use tax, the inventory tax, and a variety of unlawful acts that
15 may result in a conviction for theft or fraudulent practice,
16 including but not limited to those listed in Code sections
17 452A.73, 452A.74, 452A.74A, and 452A.75. In accordance with
18 article VII, section 8, of the Iowa Constitution and Code
19 section 452A.79, revenues from the excise tax on hydrogen used
20 as a special fuel in motor vehicles are credited to the road
21 use tax fund.

22 By operation of law, Code section 321.40(9) provides that
23 a person who owns or controls a vehicle that uses hydrogen
24 will be issued a special fuel user identification sticker by
25 the county treasurer, and the person must place the sticker
26 adjacent to the place where the special fuel is delivered into
27 the vehicle fuel supply tank. Under Code section 312.2(9),
28 1.75 cents per gallon from the excise tax on hydrogen will be
29 deposited in the revitalize Iowa's sound economy fund. Under
30 Code section 312.2(10), .25 cents per gallon from the excise
31 tax on hydrogen will be deposited in the secondary road fund.
32 The provisions of Code chapter 323 (dealer and distributor
33 franchises for motor fuel and special fuel) apply to dealers
34 and distributors that sell hydrogen used as a special fuel.
35 Hydrogen used as a special fuel is excluded from the sales and

1 use tax under Code section 423.2(56) and the local sales and
2 services tax under Code section 423B.5(1).

3 The bill does not amend Code chapter 476C, which authorizes
4 a renewable energy fuel tax credit for producers and purchasers
5 of hydrogen fuel. The bill also does not amend Code section
6 216B.3 (department for the blind), 260C.19A (community
7 colleges), 262.25A (board of regents), 307.21 (department of
8 transportation), or 904.312A (department of corrections), which
9 require that 10 percent of motor vehicles purchased by such
10 entities be equipped with engines which utilize alternative
11 methods of propulsion, including electricity but not including
12 hydrogen.

13 This division of the bill takes effect January 1, 2020.

14 DIVISION III — ELECTRIC FUEL EXCISE TAX. The bill provides
15 that electric fuel means electrical energy delivered or placed
16 into the battery or other energy storage device of an electric
17 motor vehicle from a source outside the motor vehicle for
18 purposes of propelling the motor vehicle. The bill imposes an
19 excise tax of 2.6 cents on each kilowatt hour of electric fuel
20 delivered or placed into the battery or other energy storage
21 device of an electric motor vehicle at a location in this
22 state other than a residence. The tax attaches at the time of
23 the delivery by a dealer and must be collected by the dealer
24 from the purchaser and paid to the Iowa department of revenue
25 (IDR) in the same manner as the excise taxes on natural gas
26 and liquefied petroleum gas are paid by dealers under current
27 law. Alternatively, the tax attaches at the time of use by
28 a licensed electric fuel user and must be paid to IDR in the
29 same manner as the excise taxes on natural gas and liquefied
30 petroleum gas are paid by users under current law.

31 All charging stations located at dealer and user locations
32 through which electric fuel can be dispensed must be metered,
33 inspected, tested for accuracy, and sealed and licensed by the
34 department of agriculture and land stewardship.

35 For the purpose of determining the amount of liability for

1 the electric fuel tax, each dealer and user must file with IDR
2 not later than the last day of each calendar month a monthly
3 tax return certified under penalties for false certification.
4 The return must be accompanied by remittance in the amount of
5 the tax due for the month in which the fuel was placed into
6 the batteries or other energy storage devices of electric
7 motor vehicles. The bill specifies that moneys collected by a
8 licensed electric fuel dealer or user for the excise tax are
9 deemed to be held in trust for the state of Iowa.

10 The bill prohibits a person from selling or dispensing
11 electric fuel within this state at a location other than a
12 residence or from otherwise acting as a licensed electric fuel
13 dealer or user unless the person holds an uncanceled license
14 issued by IDR. The bill specifies the application requirements
15 for a license, and provides for grounds under which IDR may
16 deny the issuance of a license.

17 The bill requires a licensed electric fuel dealer or user
18 to maintain, for a period of three years, records of all
19 transactions by which the dealer or user dispenses electric
20 fuel into the batteries or other energy storage devices of
21 electric motor vehicles, including pertinent records and papers
22 as required by IDR. After an audit and examination of such
23 records, IDR may authorize their disposal upon the written
24 request of the dealer or user.

25 The bill provides that a person who uses electric fuel for
26 any of the nontaxable purposes set forth under current law for
27 motor fuel and undyed special fuel, who has paid the electric
28 fuel tax and who has a refund permit, upon presentation to and
29 approval by IDR of a claim for refund, must be reimbursed and
30 repaid the amount of the tax which the claimant has paid on
31 the kilowatt hours so used. Such refunds are subject to the
32 limitations and requirements set forth under current law for
33 refunds of the tax on motor fuel and undyed special fuel. The
34 bill prohibits a person from claiming a refund until the person
35 has obtained a refund permit from IDR meeting the requirements

1 set forth under current law.

2 The bill makes corresponding changes to Code chapter
3 452A, including provisions of the interstate fuel use tax
4 law. In accordance with article VII, section 8, of the Iowa
5 Constitution and Code section 452A.79, revenues from the excise
6 tax on electric fuel are credited to the road use tax fund. The
7 bill provides that 0.15 cents per kilowatt hour of the excise
8 tax must be credited to the revitalize Iowa's sound economy
9 fund, and 0.02 cents per kilowatt hour of the excise tax must
10 be credited to the secondary road fund, in accordance with
11 similar provisions for other types of fuel. In addition, the
12 bill exempts electric fuel from the state sales and use tax and
13 local option taxes.

14 This division of the bill takes effect July 1, 2020.